



March 30, 2020

Dear Fellow Shareholders:

On behalf of the Board of Directors and employees of Prime Meridian Holding Company (the "Company"), it is our pleasure to invite you to the 2020 Annual Meeting of Shareholders. The Annual Meeting will take place at the Prime Meridian Bank, Timberlane Office, 1471 Timberlane Road, Tallahassee, Florida 32312 on Thursday, May 7, 2020, at 6:00 p.m., Eastern Time.

Annual Shareholder Meeting

***Prime Meridian Bank, 1471 Timberlane Road
Tallahassee, Florida 32312***

****State and Local authorities, in response to the COVID-19 pandemic, may limit the size of group gatherings making it necessary for us to adjust the date, time, and/or location of the annual meeting. Details will be made available should this be necessary.**

The Notice of the Annual Meeting of Shareholders and Proxy Statement provided with this letter describe the formal business that will be transacted at the Annual Meeting. Shareholders are being asked to vote on the election of directors and the ratification of the appointment of the Company's independent auditors for the fiscal year ending December 31, 2020.

We encourage you to attend the Annual Meeting so that you may meet with our directors and executive officers, who will be available to answer questions you may have about the Company, as well as have the opportunity to meet with some of our employees.

Your vote is very important. Please follow the instructions provided on the proxy card to vote your shares over the internet or by telephone. You may also sign and date the enclosed proxy card and return it in the enclosed postage-paid envelope. The voting procedures are specified in the enclosed Proxy Statement.

We look forward to seeing you at the Annual Meeting.

Sincerely,

A handwritten signature in black ink, appearing to read "Sammie D. Dixon, Jr.", written in a cursive style.

Sammie D. Dixon, Jr.
Vice Chairman, President and
Chief Executive Officer



**NOTICE OF THE ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 7, 2020**

The 2020 Annual Meeting of Shareholders of Prime Meridian Holding Company (the “Company”) will be held at the Prime Meridian Bank, Timberlane Office, 1471 Timberlane Road, Tallahassee, Florida 32312 on Thursday, May 7, 2020, at 6:00 p.m., Eastern Time. At the Annual Meeting, the following items will be presented and voted upon:

- **Proposal 1:** The election of fifteen (15) members to the Company’s Board of Directors;
- **Proposal 2:** The ratification of the appointment of Hacker, Johnson & Smith, P.A. as the independent auditors for the Company for the fiscal year ending December 31, 2020; and
- **Proposal 3:** The adjournment of the Annual Meeting to solicit additional proxies in the event there is an insufficient number of votes to approve either one or both of the foregoing Proposals.

The Board of Directors has fixed the close of business on March 18, 2020, as the record date for the determination of shareholders entitled to notice of, and to vote at, the Annual Meeting. It is important that your shares be presented and voted at the Annual Meeting. You may vote your shares over the internet or by telephone. You may also vote by completing, signing, dating and returning the enclosed proxy card in the envelope provided. Please vote your proxy card even if you presently plan to attend the Annual Meeting in person. By doing so, we can ensure that a quorum is present to hold the Annual Meeting. Specific instructions on how to vote your shares, may be found in the enclosed Proxy Statement.

By Order of the Board of Directors,

A handwritten signature in black ink, appearing to read "Sammie D. Dixon, Jr.", written in a cursive style.

Sammie D. Dixon, Jr.
Vice Chairman, President and
Chief Executive Officer

Tallahassee, Florida
March 30, 2020



PROXY STATEMENT 2020 ANNUAL MEETING OF SHAREHOLDERS

GENERAL MEETING INFORMATION

Date: *Thursday, May 7, 2020*

Time: *6:00 p.m., Eastern Time*

Location: *Prime Meridian Bank
Timberlane Office
1471 Timberlane Road
Tallahassee, Florida 32312*

PROCEDURES FOR VOTING SHARES

Solicitation and Voting of Proxies

This Proxy Statement and the enclosed proxy card are being furnished to the shareholders of Prime Meridian Holding Company (“Prime Meridian” or the “Company”) as of the record date of March 18, 2020. The Company’s Board of Directors (“Board”) is soliciting proxies for use at the 2020 Annual Meeting of Shareholders (“Annual Meeting”). The Annual Meeting will take place at 6:00 p.m. on Thursday, May 7, 2020. Our Annual Report for 2019 is also included with this Proxy Statement. These documents are first being mailed to our shareholders on or about March 30, 2020, and provide important information about our business and our audited financial statements.

It is important that your shares be represented by proxy, or that you are present to vote in person at the Annual Meeting. We encourage you to vote your shares over the internet or by telephone by following the voting instructions on the proxy card. You may also vote by completing, signing, dating and returning the enclosed proxy card in the envelope provided. Even if you presently plan to be in attendance at the Annual Meeting, in the event you unexpectedly are unable to attend the Annual Meeting and vote in person, we encourage you to vote by using the enclosed proxy card to ensure your vote is counted. Proxies solicited by the Board of Directors will be voted in accordance with the directions given therein.

The Board is recommending that you vote:

“FOR” – Proposal 1: The election of the fifteen (15) nominees to Prime Meridian’s Board of Directors, each to serve a one-year term.

“FOR” – Proposal 2: The ratification of the appointment of Prime Meridian’s independent auditors for the fiscal year ending December 31, 2020.

“FOR” – Proposal 3: The adjournment of the Annual Meeting in order to solicit additional proxies in the event there is an insufficient number of votes to approve either one or both of the foregoing proposals.

If you do not indicate a voting preference, the proxy holders will vote in accordance with the Board’s recommendations, as stated above. The Board of Directors knows of no additional business that will be brought up for consideration at the Annual Meeting. However, the execution of the enclosed proxy card or voting by telephone or online, confers discretionary authority on the proxy holders to vote your shares in accordance with their best judgment on any other business that may properly come before the Annual Meeting, or any adjournment thereof.

Voting Securities

The securities entitled to vote at this Annual Meeting are the outstanding shares of Company common stock, as of the close of business on March 18, 2020. That date has been fixed by the Board as the record date (“Record Date”) for the determination of the shareholders entitled to notice of and to vote at the Annual Meeting. The total number of record holders of Prime Meridian’s common stock outstanding on the Record Date was approximately 340, with 3,126,304 shares of common stock outstanding.

Eligibility to Vote

In accordance with Florida law, the directors of Prime Meridian are elected by a plurality of the votes cast at a meeting at which a quorum is present. Other matters are approved if the affirmative votes cast by the holders of the shares represented at a meeting at which a quorum is present and entitled to vote on the subject matter exceed the votes opposing the action. A shareholder may abstain or withhold a vote with respect to any item submitted for shareholder approval. Abstentions have no effect on any vote. The Company’s Articles of Incorporation do not provide for cumulative voting. Therefore, shareholders are entitled to one vote for each share held on all matters presented for consideration at the Annual Meeting.

Voting Your Shares

The manner in which your shares may be voted depends on how shares are held, that is:

Shares Held in Your Name – If you are the record owner of our common stock, meaning that your shares of common stock are represented by certificates or book entries in your name so that you appear as a shareholder on the records of our stock transfer agent, a proxy card for voting those shares is included with this Proxy Statement. You may vote those shares by completing, dating, signing, and returning the proxy card in the enclosed postage-paid, pre-addressed envelope. You may also vote via the internet or telephone. The instructions for voting via the internet or telephone are provided on the enclosed proxy card. The website to access internet voting is www.investorvote.com/pmhg.

Shares Held in Street Name – If you own shares through a brokerage firm (referred to as shares held in “street name”), you may instead receive a voting instruction form with this Proxy Statement. You may use such form to instruct your broker on how your shares are to be voted. As with a proxy card, you may vote your shares by completing, dating, signing, and returning the voting instruction form in the envelope provided. Many brokerage firms have also arranged for internet or telephone voting of shares and provide instructions for using those services on the voting instruction form.

If your shares are held in street name, under certain circumstances your brokerage firm may vote your shares. Brokerage firms have authority to vote their customers’ shares on certain “routine” matters. When a brokerage firm votes its customers’ shares on routine matters, those shares are also counted for purposes of establishing a quorum to conduct business at the meeting. A brokerage firm, however, cannot vote its customers’ shares on non-routine matters. Accordingly, such shares are not counted as votes against a non-routine matter, but rather are not counted at all for such matters. Proposal 1, the election of directors, is considered to be a non-routine matter.

Revocation of Proxy or Voting Instructions

Your presence at the Annual Meeting will not automatically revoke your proxy or voting instructions. If you hold stock in your own name you may revoke a proxy at any time prior to its exercise by: (i) submitting a written notice of revocation to the attention of the Secretary of the Company; (ii) delivering to the Company a duly executed proxy card bearing a later date; (iii) or by attending the Annual Meeting and voting in person. Shareholders who hold stock in street name may revoke previously submitted voting instructions by contacting their brokerage firm, or by obtaining a legal proxy from the brokerage firm and voting in person at the Annual Meeting.

Attending the Annual Meeting

If you are the record owner of our common stock, you may attend the Annual Meeting and vote in person, regardless of whether you have previously voted by proxy card. If you own common stock through a brokerage account, you may attend the Annual Meeting. However, in order to vote your shares at the Annual Meeting, you must obtain a “legal proxy” from the brokerage firm that holds your shares. You should contact your brokerage account representative to learn how to obtain

a legal proxy. In either case, we encourage you to vote your shares in advance of the Annual Meeting by one of the methods described above, even if you plan on attending the Annual Meeting. This will enable us to determine if a quorum is present. You may change or revoke your proxy or voting instructions at the Annual Meeting in the manners described above even if you have already voted by proxy, telephone or online.

Certain Shareholders

As of the Record Date, there is no person or apparent groups of persons, other than Prime Meridian’s directors and officers collectively as a group, known by management to beneficially own five percent (5%) or more of the outstanding shares of Prime Meridian’s common stock. The beneficial ownership of Company common stock held by our directors and officers is reported on page 10 of this Proxy Statement.

<p style="text-align: center;">PROPOSAL 1 – ELECTION OF DIRECTORS</p>
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On May 16, 2019, the Board elected Kenneth H. Compton to the Boards of Prime Meridian and its wholly-owned subsidiary, Prime Meridian Bank (the “Bank”). The following fifteen (15) individuals currently serve on Prime Meridian’s Board of Directors and have each been nominated to serve an additional one-year term: *Kenneth H. Compton, William D. Crona, Sammie D. Dixon, Jr., Steven L. Evans, R. Randy Guemple, Chris L. Jensen, Jr., Kathleen C. Jones, Robert H. Kirby, Frank L. Langston, Michael A. Micallef, Jr., L. Collins Proctor, Sr., Garrison A. Rolle, M.D., Steven D. Smith, Marjorie R. Turnbull, and Richard A. Weidner*. Each of these individuals also serves as a member of the Board of Directors of the Bank. Upon the affirmative vote of the shareholders, the nominated individuals will serve as directors until the 2021 Annual Meeting of Shareholders or until such other time as their successors have been duly elected or appointed.

Each member of the Board of Directors is an “independent director” using the standards set forth under Section 5600 of the NASDAQ Stock Market Rules, except for Mr. Dixon, Mr. Guemple, Mr. Jensen, Mrs. Jones, and Mr. Micallef.

The names and ages of our director nominees, a brief description of their principal occupations and business experience, and certain other related information are presented below. At this time, we know of no reason why any director nominee may not be able to serve, if elected.

Information Concerning Director Nominees

Kenneth H. Compton, age 51, was elected to Prime Meridian’s and the Bank’s Board in May 2019. He is the Founder, President and CEO of Compton & Associates, Private Wealth Advisors, which focuses on asset management, retirement planning, estate planning, and business transition planning. Mr. Compton became a director of Community Southern Holdings, Inc. and Community Southern Bank in 2013, where he served as Chairman of both the Loan and Compensation committees, and served on both the Audit and Asset Liability committees. He remained on the Boards until their sale to Sunshine Bancorp, Inc. in 2015. He then joined the Board

of Sunshine Bancorp, Inc. and served, as the Sarbanes Oxley Financial Expert on the Audit Committee, until its sale to CenterState Bank Corporation in 2018. His background includes a Juris Doctor degree from the Cumberland School of Law at Samford University, a Master of Law degree from the University of Denver, Sturm College of Law and Daniels College of Business, and a Bachelor of Arts Degree in International Studies and Foreign Policy from Rhodes College. He has served as an adjunct professor of finance and insurance, as a vesting agent under the Florida Comprehensive Land Use Plan, and as a past Executive Vice President of the Highlands County Board of Realtors. Mr. Compton serves on the Board of Baycare's Bartow Regional Medical Center. He also has served on the Board of the Southeastern University Foundation.

William D. Crona, age 71, is a founding member of the Boards of the Bank and Prime Meridian. He is a certified public accountant. In 2005, he retired from a twenty-three year career with the accounting firm of Law, Redd, Crona and Munroe, P.A., Tallahassee, Florida, where he served as a partner. He currently is a financial consultant and investor in the Tallahassee area. Mr. Crona serves on the boards of the Apalachee Land Conservancy, Manchebo Beach Resort Hotel, TEC Incorporated, SAVA, and the City of Tallahassee Citizen Advisory Board.

Sammie D. Dixon, Jr., age 50, was part of the management team that formed both the Bank and Prime Meridian. He is the Vice Chairman, Chief Executive Officer and President of Prime Meridian and the Bank. Prior to joining the Bank, from June 2005 to December 2006, he was the Senior Vice President and Commercial Sales Manager for Regions Bank in Tallahassee, Florida. Before that, he served as Chief Executive Officer and President for Bank of Thomas County from August 2003 to June 2005. From April 1999 to 2003, Mr. Dixon held various positions with Bank of Florida – Southwest in Naples, Florida. He began his banking career with NationsBank in 1997. Mr. Dixon served as an Administrative Committee Member of the American Bankers Association's Community Bankers Council. He is active in the community as a member of the Rotary Club of Tallahassee and member of the Tallahassee Memorial HealthCare Foundation Board of Trustees. He serves on the Boards of the Boys & Girls Clubs of the Big Bend and the Greater Tallahassee Chamber of Commerce. He is a former Campaign Co-Chair of the United Way of the Big Bend where he also served as a director. Mr. Dixon attends Saint Peter's Anglican Church.

Steven L. Evans, age 72, is a founding member of the Boards of the Bank and Prime Meridian. He retired from a thirty year career with IBM in 2003 where he served as Vice President of its North American education business and IBM's Senior State Executive for its Florida operations. After graduating from the University of Michigan, Mr. Evans played in the St. Louis Cardinals Baseball organization for six years before joining IBM. Mr. Evans currently serves on the Boards of the Florida Taxwatch Research Institute, Tallahassee Memorial Hospital, Ghost Controls, Inc., Vineyard Capital, Fringe Benefits Management Corporation, Applied Fiber Holdings, Inc., Kyra Infotech Group, United Way of the Big Bend, and is the Chairman of the Economic Vitality Leadership Council. He is an Advisor for Elder Care Services and the Florida State University (FSU) Marine Research Lab and is a member of the FSU Research GAP Committee.

R. Randy Guemple, age 68, is a founding member of the Boards of the Bank and Prime Meridian. He retired as Prime Meridian's and the Bank's Executive Vice President and Chief Financial Officer on March 31, 2019. He is also a certified public accountant. Prior to assuming these offices on January 1, 2016, he was a retired bank Executive Vice President, Chief Operating

Officer, and Chief Financial Officer of First Bank of Florida in West Palm Beach, Florida. He is a Past Chairman of the Financial Managers Society, Inc., headquartered in Chicago, Illinois. Mr. Guemple is a Past Chairman and current member of the Board of Trustees for the Tallahassee Memorial HealthCare Foundation, Inc. and Southern Scholarship Foundation, Inc. in Tallahassee, Florida. He is also Director Emeritus of Elder Care Services, Inc. and an active member of the Tallahassee Kiwanis Club. Mr. Guemple is a graduate of Florida State University where he received a Bachelor of Science in Accounting and his Master of Business Administration. He played baseball while at FSU and is a member of Good Shepherd Catholic Church.

Chris L. Jensen, Jr., age 63, was part of the management team that formed both the Bank and Prime Meridian. He is an Executive Vice President of Prime Meridian and the Bank's Executive Vice President and Senior Lender. Prior to joining the Bank, from February 2005 to 2007, he served as Tallahassee Market President for Regions Bank. Before that, Mr. Jensen held various management positions with SouthTrust Bank from 1997 to 2005, culminating with the position of Tallahassee's Market President. He also served as Senior Lender for First Bank of Tallahassee in its *de novo* stage in 1990. Mr. Jensen has over forty years of lending experience in Tallahassee and the surrounding markets. He is active in the community and currently serves on the Boards of several local groups, including the Suwannee River Area Council for the Boy Scouts of America, and the Young Actors Theatre.

Kathleen C. Jones, age 66, was part of the management team that formed both the Bank and Prime Meridian and has been a member of both Boards since 2011. She retired as Prime Meridian's and the Bank's Executive Vice President and Chief Financial Officer on December 31, 2015. Prior to joining the Bank, she spent thirty-six years with SunTrust Bank and its Tallahassee predecessor institutions. Mrs. Jones retired from SunTrust Bank in 2007, at the position of North Florida Regional Senior Vice President, Senior Banking Operations Manager. She is a 1978 graduate of Florida State University where she received a Bachelor of Science in Finance. She also is a 1988 graduate of the Graduate School of Banking of the South in Baton Rouge, Louisiana. Mrs. Jones is a member of Thomasville Road Baptist Church.

Robert H. Kirby, age 53, was elected to Prime Meridian's and the Bank's Board in May 2010. He is a partner in Rehab Technologies, LLC, a medical equipment sales and leasing business, and Huxford Land Company, LLC, a land and timber company. Mr. Kirby currently serves as President and Chief Executive Officer of Cedar Creek Land and Timber Company, Inc. and T.R. Miller Woodlands, Inc., and as a member of the management executive committees of T.R. Miller Mill Company, Inc. and Neal Land Alabama, Inc., all located in Brewton, Alabama. Mr. Kirby received a bachelor's degree from the University of the South, Sewanee, Tennessee and a Master of Business Administration from the University of Alabama, Tuscaloosa, Alabama. He serves on the Boards of a number of private companies and non-profit organizations, including Tall Timbers Research, Inc.

Frank L. Langston, age 62, is a founding member of the Boards of the Bank and Prime Meridian. He has been a principal/owner, since 2000, with the real estate services company NAI TALCOR, located in Tallahassee, Florida. From 1990 to 2000, Mr. Langston was affiliated with NAI TALCOR as an independent contractor. After attending Auburn University, Mr. Langston entered the management training program of First Florida Banks in Tampa. While assigned to the

Marketing Department, Mr. Langston gained valuable first hand real estate experience in locating bank branch locations around the state. In addition, he participated in strategic planning, new product development, and market analysis. From 1981 to 1984, Mr. Langston served as Marketing Director with the responsibility of business development for the Tallahassee office. In May 1989, he entered the commercial real estate business specializing in retail and office sales and leasing, and bank-owned real estate. Mr. Langston is a Certified Commercial Investment Member, a Florida licensed broker-salesman, and an Alabama licensed broker. He is also a member of the National Association of Realtors, the Florida Association of Realtors, and the Tallahassee Association of Realtors. He currently serves on the Board of Anna's Foundation, Advisory Board of the Master of Real Estate Development Program at Auburn University and the Community Board of the Tallahassee Campus of the Florida State University, College of Medicine.

Michael A. Micallef, Jr., age 70, was elected to Prime Meridian's and the Bank's Board in March 2019. On February 29, 2020, he retired as the Bank's Senior Vice President and Market President for the Polk County market. Prior to joining the Bank, Mr. Micallef served as Regional President for Sunshine Bank from 2015 to 2017. From its founding in 2006 until its sale to Sunshine Bancorp, Inc. in 2015, Mr. Micallef served as Director, Chief Executive Officer and President of Community Southern Holdings, Inc. and Community Southern Bank, in Lakeland, Florida. Mr. Micallef has over thirty years of experience as a Chief Executive Officer of financial institutions, including serving as President of Marco Community Bancorp, Inc. and Chief Executive Officer and President of Marco Community Bank in Marco Island, Florida from 2003 to 2005; and Chief Executive Officer, President, and Vice Chairman of Sterling Bank, FSB, in Lantana, Florida from 1999 to 2003. Mr. Micallef received his Bachelor of Science degree from St. Peters University, New Jersey, his Master of Business Administration from Fordham University and a graduate banking degree from Brown University.

L. Collins Proctor, Sr., age 50, is a founding member of the Boards of the Bank and the Company. He is a co-founding partner of Facility Solutions Management, LLC ("FSM") which serves corporate, government, medical, and education, clients throughout the United States. FSM optimizes facility performance and operating costs through three core services: Engineering Design, Building Controls, and Energy Services and Upgrades. Mr. Proctor focuses primarily within FSM's "Energy Services" division overseeing the strategy, financing, and evaluation of client requirements. Mr. Proctor is also an investment partner of Red Brick Partners, LLC, a real estate and private equity investment entity started in 2006. Prior to 2006, Mr. Proctor owned and managed a North Florida real estate acquisition and construction advisory firm, an affiliate of a national firm with which he was associated for ten years. Mr. Proctor received his Bachelor of Arts from Vanderbilt University and his Master of Business Administration from Emory University, between which times he served five years with NationsBank (now Bank of America) in its leveraged leasing division managing over \$3.5 billion in equipment financing for large corporate clients. Mr. Proctor also serves as a commissioner on the Tallahassee-Leon County Planning Commission.

Garrison A. Rolle, M.D., age 58, is a founding member of the Boards of the Bank and Prime Meridian. He is an orthopedic surgeon who joined the Tallahassee Orthopedic Clinic in 1997. He served on AmSouth Bank's Advisory Board of Directors in Tallahassee, Florida and was formerly a director of Regions Bank in Tallahassee, Florida. Dr. Rolle played football for the University of

Florida while pursuing his Bachelor of Science degree. He received his medical degree from the University of Florida, College of Medicine.

Steven D. Smith, age 67, is a founding member of the Boards of the Bank and Prime Meridian. He is an owner and operator of a number of Krispy Kreme Doughnut franchises throughout the Florida Panhandle, including Tallahassee, Florida. Mr. Smith currently serves as Chairman of the Board for Pursuit Channel, an outdoor network delivered to approximately thirty-eight million U.S. households. He also serves as a member of the Florida Highway Patrol Advisory Council. Mr. Smith is the owner of a number of other local businesses and is a 1974 graduate of Livingston University in Livingston, Alabama.

Marjorie R. Turnbull, age 79, is a founding member of the Boards of the Bank and Prime Meridian. She currently is a consultant for non-profit organizations. Previously, she served as the Vice President for Institutional Advancement and the Executive Director of the Tallahassee Community College Foundation from 1995 until her retirement in 2006. From 1994 to 2000, Mrs. Turnbull represented Leon County, District 9, in the Florida House of Representatives. Prior to her service in the Florida House of Representatives, she was a member of the Leon County Commission from 1988 to 1994, Deputy Assistant Secretary for Health Planning for the State of Florida, and a member of the staff of the Florida House of Representatives. Mrs. Turnbull serves as the Past Chair of the Economic Club of Florida, and as a member of the Institutional Review Board of Tallahassee Memorial HealthCare, Tallahassee Symphony Orchestra Board and the Big Bend Hospice Foundation Board.

Richard A. Weidner, CPA, age 75, is a founding member and Chairman of the Boards of the Bank and Prime Meridian. Mr. Weidner is a certified public accountant, partner and the Partner Oversight Director of Carr, Riggs & Ingram, LLC, an accounting firm with more than 300 partners and 2,000 professionals. In 2002 this firm acquired Williams, Cox, Weidner & Cox, P.A., Tallahassee, Florida, which Mr. Weidner helped establish in 1972. From approximately 1998 to 2001, Mr. Weidner served as an Advisory Board member for SunTrust Bank. Mr. Weidner is a past member of the Tallahassee Community College Foundation Board. He is a Past Treasurer of the Tallahassee Chamber of Commerce, Past President of the Tallahassee YMCA, and Past Treasurer of the Maclay School Board of Directors. He has also served on the Leon County Library Advisory Board and was a United Way Campaign Captain.

Information Concerning the Non-Director Executive Officers

Susan Payne Turner, age 53, has been with the Bank since 2013. She is presently the Executive Vice President and Chief Risk Officer of the Bank and Prime Meridian. Mrs. Turner began her banking career in 1983. From 2010 to 2013, she was a Regional Retail Leader for Centennial Bank, where she managed ten branches located in Leon, Wakulla, Calhoun and Liberty Counties. Mrs. Turner is a graduate of Florida State University and received a Master of Business Administration from Troy University in 2005. She is also a graduate from the Graduate School of Banking at Louisiana State University. Mrs. Turner is a Past Chair for the Tallahassee Community College Foundation and currently serves on the Foundation's Board. She also serves as Past Chair for the Tallahassee Community College Alumni and Friends Association, as a director on the Board for the Wakulla Senior Center, Florida Bankers Education Foundation and Director Emeritus on the

Board for the Wakulla County Chamber of Commerce. Mrs. Turner is a member of the Coastal Optimist Club, is the Associate Director of the Wakulla County Historical Society and serves as Treasurer on the Board for the Community Foundation of North Florida.

Monté L. Ward, age 38, has been with the Bank since 2011. He is presently the Executive Vice President and Chief Information Officer of the Bank and Prime Meridian. Prior to joining the Bank, he was Assistant Vice President and held various operational, compliance and information technology positions at Premier Bank from 2002 to 2011. Mr. Ward has a background in software programming and hacking/intrusion. He holds various Microsoft certifications and designations such as Certified Regulatory Compliance Manager, Accredited ACH Professional, Certified Information Security Manager, and others in technology, security, and compliance. Mr. Ward holds a Master of Cybersecurity and Information Assurance. He is a graduate of Florida Agricultural & Mechanical University where he received a Bachelor of Science in Electrical Engineering. Mr. Ward is also a graduate of the Stonier Graduate School of Banking at the University of Pennsylvania.

Clint F. Weber, age 38, has been with the Bank since 2013. He is presently the Executive Vice President and Chief Financial Officer of the Bank and Prime Meridian. Prior to joining the Bank, he was Vice President and held various credit positions at Premier Bank and its successor financial institution Centennial Bank from 2008 to 2013. From 2003 to 2008, he was a Financial Institution Examiner at the Florida Office of Financial Regulation. Mr. Weber's work experience includes Credit Risk Management, Regulatory Compliance, Accounting and Asset/Liability Management. Mr. Weber is a graduate of Florida State University where he received a Bachelor of Science in Finance and Real Estate. He is also a graduate of the Florida School of Banking at the University of Florida.

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The following table sets forth the number of shares and percentages of common stock that the directors and non-director executive officers beneficially owned as of the Record Date.

Name	Position with the Company	Year First Elected Director	Number of Shares ⁽¹⁾	Right to Acquire ⁽²⁾	Beneficial Ownership Percentage ⁽³⁾
Kenneth H. Compton	Director	2019	5,382	-	0.17%
William D. Crona	Director	2010	48,600	4,000	1.68
Sammie D. Dixon, Jr.	CEO, President, Vice Chairman & Director	2010	103,078 ⁽⁴⁾	37,207	4.43
Steven L. Evans	Director	2010	30,621	4,000	1.11
R. Randy Guemple	Director	2010	33,830	4,000	1.21
Chris L. Jensen, Jr.	EVP & Director	2010	53,333	4,100	1.83
Kathleen C. Jones	Director	2011	17,250	4,000	0.68
Robert H. Kirby	Director	2010	78,274 ⁽⁵⁾	4,000	2.63
Frank L. Langston	Director	2010	33,106	4,000	1.19
Michael A. Micallef, Jr.	Director	2019	5,000	-	0.16
L. Collins Proctor, Sr.	Director	2010	21,800 ⁽⁶⁾	5,200 ⁽⁷⁾	0.86
Garrison A. Rolle, M.D.	Director	2010	33,094	4,000	1.18
Steven D. Smith	Director	2010	67,517 ⁽⁸⁾	4,000	2.28
Marjorie R. Turnbull	Director	2010	23,700	4,000	0.88
Susan Payne Turner	EVP & CRO	N/A	8,230 ⁽⁹⁾	3,200	0.37
Monté L. Ward	EVP & CIO	N/A	4,430	3,200	0.24
Clint F. Weber	EVP & CFO	N/A	4,512	3,200	0.25
Richard A. Weidner	Chairman & Director	2010	94,001	4,000	3.13
Total (18 people)			665,758	96,107	23.64%

(1) Includes shares for which the named person:

- has sole voting and investment power;
- has shared voting and investment power with a spouse, or
- holds in an IRA or other retirement plan program, unless otherwise indicated in these footnotes.

(2) Shares covered by stock options that are vested or exercisable within sixty (60) days of the Record Date.

(3) Based on 3,126,304 shares outstanding and only the listed individual exercising his or her stock options.

(4) Includes 6,235 shares of restricted stock.

(5) Includes 2,500 shares owned by Mr. Kirby's spouse, and as custodian of UGTMA/FL account.

(6) Includes 9,200 shares beneficially owned by Mr. Proctor's spouse in her 401(k) and IRA, and as custodian of UGTMA/FL accounts.

(7) Includes options to acquire 1,200 shares of Company owned by Mr. Proctor's spouse.

(8) Includes 24,000 shares owned by Mr. Smith's spouse.

(9) Includes 350 shares beneficially owned by Mrs. Turner as custodian of UGTMA/FL account.

The Board of Directors Recommends that Shareholders Vote "FOR" the Election of the Fifteen (15) Director Nominees to the Board of Directors.

EXECUTIVE COMPENSATION

The cash compensation of Sammie D. Dixon, Jr., the Vice Chairman, Chief Executive Officer and President (“Vice Chair/CEO/President”) of Prime Meridian and the Bank are paid pursuant to a Master Service Agreement, currently with 30% attributable to Prime Meridian and 70% attributable to the Bank. The cash compensation of Clint F. Weber, the Chief Financial Officer and Executive Vice President (“CFO/EVP”) of Prime Meridian and the Bank is also paid pursuant to the Master Service Agreement, currently with 25% attributable to Prime Meridian and 75% attributable to the Bank.

Prime Meridian’s Compensation and Nominating Committee, working in consultation with the Vice Chair/CEO/President, reviews different compensation alternatives to attract and retain qualified management, to meet short-term financial goals, and to enhance long-term shareholder value. The objective is to pay each executive officer the base salary that would be paid on the open market for a similarly qualified officer of that position. The Compensation and Nominating Committee determines the level of base salary and any incentive bonus for the Chief Executive Officer position based upon competitive norms, derived from surveys published by independent banking institutes and private companies specializing in the analysis of financial institutions. Such surveys provide information regarding compensation of financial institution officers and employees based on the size and geographic location of the financial institution and serve as a benchmark for determining executive salaries.

In 2019, the Compensation and Nominating Committee established a performance matrix based on a budgeted increase in net income and total asset growth. To receive any bonus under this program, the Vice Chair/CEO/President must at least meet or exceed the performance objectives.

In connection with the Incentive Plan for Vice Chair/CEO/President Dixon, in early 2020, the Compensation and Nominating Committee approved the grant of 3,835 restricted shares under the 2015 Stock Option Plan, valued at \$20.40 per share, the fair market value as of the date of the grant, and a \$26,532 cash bonus.

Effective January 1, 2019, the Bank’s executive management team adopted an Incentive Plan for officers and employees to be used in determining cash bonuses based upon two components: overall Bank performance and individual performance. Pursuant to the Incentive Plan, CRO/EVP Susan Payne Turner earned and received a cash bonus of \$22,079, and Senior Lender/EVP Chris L. Jensen, Jr. earned and received a cash bonus of \$18,336.

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Summary Compensation Table

The following table provides information regarding the compensation of Prime Meridian's named executive officers for the fiscal years ended December 31, 2019, 2018, and 2017.

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary</u>	<u>Bonus</u>	<u>Stock Awards</u>	<u>Option Awards</u>	<u>All Other Compensation</u>	<u>Total</u>
Sammie D. Dixon, Jr. Vice Chairman, President and CEO	2019	\$326,550	\$26,532	\$78,234	-	\$85,849 ⁽¹⁾	\$517,165
	2018	\$311,000	\$46,650	\$66,672	\$83,750	\$ 6,600 ⁽²⁾	\$514,672
	2017	\$296,100	\$39,480	-	\$23,407	\$ 6,600 ⁽²⁾	\$365,587
R. Randy Guemple ⁽³⁾ Director	2019	\$ 37,500	-	-	-	\$52,755 ⁽⁴⁾	\$ 90,255
	2018	\$182,112	\$27,317	-	\$33,500	-	\$242,929
	2017	\$185,400	\$24,719	-	-	-	\$210,119
Chris L. Jensen, Jr. EVP and Bank SLO	2019	\$190,618	\$18,336	-	-	\$84,858 ⁽¹⁾	\$293,812
	2018	\$181,541	\$31,514	-	\$34,338	\$ 6,600 ⁽²⁾	\$253,993
	2017	\$172,896	\$25,000	-	-	\$ 6,600 ⁽²⁾	\$204,496
Susan Payne Turner EVP and CRO	2019	\$175,963	\$22,079	-	-	\$ 8,000 ⁽²⁾	\$206,042
	2018	\$167,584	\$30,061	-	\$26,800	\$ 6,600 ⁽²⁾	\$231,045
	2017	\$159,604	\$18,990	-	-	\$ 4,400 ⁽²⁾	\$182,994

(1) Includes car allowance and Supplemental Executive Retirement Plan (SERP) award.

(2) Includes car allowance.

(3) Mr. Guemple retired as EVP and CFO on March 31, 2019. He remains on the Boards of both the Company and the Bank.

(4) Includes \$45,000 consulting fee in addition to fees for services on the Boards of Directors and their committees.

Employment Agreements

On July 19, 2018, the Company and the Bank entered into an Amended and Restated Employment Agreement with Vice Chair/CEO/President Dixon. The agreement amended and restated in its entirety the Employment Agreement by and between Mr. Dixon and the Company, dated July 25, 2016.

Pursuant to the terms and conditions of the agreement, Mr. Dixon is retained as Chief Executive Officer and President of Prime Meridian and the Bank for a period of three years, subject to an automatic extension for an additional year on each anniversary of the original expiration date of the agreement. In addition, the term of the agreement will be extended for an additional three years upon a Change in Control of the Company (as defined in the agreement). Following an extension of the term of the agreement incident to a Change in Control of the Company, the term of the agreement will be automatically extended for an additional year on each anniversary of the date of the Change in Control. Notwithstanding the foregoing, either the Company or Mr. Dixon may cause the term of the agreement to cease at the end of the then current term by giving the other written notice of not less than 60 days prior to the expiration of the then current term of the agreement. Termination of Mr. Dixon's employment for any reason shall constitute his resignation of his positions on the Boards of Directors of Prime Meridian, the Bank, and either of their subsidiaries.

The agreement provides for Mr. Dixon to receive a base salary and automobile allowance, to be eligible to receive an annual bonus of not less than 25% of his base salary, and to participate in the Company's benefit plans. Mr. Dixon is also eligible to receive an annual equity incentive award of at least 25% of his base salary. The form of the equity award will be at the discretion of Prime Meridian. The Bank will also establish a nonqualified account balance deferred compensation plan for the benefit of Mr. Dixon and purchase bank owned life insurance for the benefit of Mr. Dixon's designated beneficiaries.

If his employment is terminated because of death, Mr. Dixon's estate is entitled to receive accrued and earned payments or benefits due and a prorated portion of the bonus he received in his final year of employment. If Mr. Dixon's employment is terminated as a result of disability, then he is entitled to receive accrued and earned payments or benefits due and health and other insurance benefits for a period of six months following the date of termination.

If employment is terminated by the Company for reasons other than Cause (as defined in the agreement) or disability, or if Mr. Dixon terminates the agreement for Good Reason (as defined in the agreement), Mr. Dixon is entitled to receive his base salary through the date of termination, a prorated portion of the bonus he received in his final year of employment, 18 months of health and other insurance coverage, all other accrued and earned payments or benefits due, and a cash payment equal to two times the average of his base salary over the previous three years. However, if such a termination occurs during the period beginning three months prior to and ending 18 months after a Change in Control, such payment shall equal 2.99 times the sum of Mr. Dixon's then current base salary and the average bonus earned by Mr. Dixon during each of the three calendar years preceding the date of termination.

The agreement includes confidentiality provisions to protect the Company's proprietary and confidential information. The agreement also prohibits Mr. Dixon from competing with the Company during the term of the agreement and during the two-year period following termination by the Company for reasons other than Cause or disability, or termination by Mr. Dixon for Good Reason. During such period, Mr. Dixon will be prohibited from engaging in the business of banking in Gadsden, Jefferson, Leon, and Wakulla Counties, Florida and anywhere within 20 miles of a Bank branch office that is operational on the date of termination of the agreement. The agreement also restricts Mr. Dixon from soliciting certain existing and prospective customers of the Bank for a period of two years following termination of employment. In addition, during the two-year period following termination of employment, the agreement restricts Mr. Dixon from inducing any Bank employee to terminate his or her employment with the Bank or to accept employment with any other employer. The foregoing non-competition, non-solicitation, and non-recruitment provisions do not apply if Mr. Dixon's employment is terminated as a result of the expiration of the agreement or the nonrenewal of the term of the agreement.

On November 19, 2018, the Company and the Bank entered into an Employment Agreement with Senior Lender/EVP Jensen. Pursuant to the terms and conditions of the agreement, Mr. Jensen was retained as Executive Vice President and Senior Lender of the Bank for a period of three years, subject to an automatic extension for an additional year on each anniversary of the original expiration date of the agreement. In addition, the term of the agreement will be extended for an additional three years upon a Change in Control of the Company (as defined in the agreement). Following an

extension of the term of the agreement incident to a Change in Control of the Company, the term of the agreement will be automatically extended for an additional year on each anniversary of the date of the Change in Control. Notwithstanding the foregoing, either the Company or Mr. Jensen may cause the term of the agreement to cease at the end of the then current term by giving the other written notice of not less than 60 days prior to the expiration of the then current term of the agreement. Termination of Mr. Jensen's employment for any reason shall constitute his resignation of his positions on the Boards of Directors of Prime Meridian, the Bank, and either of their subsidiaries.

The agreement provides for Mr. Jensen to receive a base salary and automobile allowance, to be eligible to receive an annual bonus, and to participate in the Company's benefit plans. The Bank will also establish a nonqualified account balance deferred compensation plan for the benefit of Mr. Jensen.

If his employment is terminated because of death, Mr. Jensen's estate is entitled to receive accrued and earned payments or benefits due and a prorated portion of the bonus he received in his final year of employment. If Mr. Jensen's employment is terminated as a result of disability, then he is entitled to receive accrued and earned payments or benefits due and health and other insurance benefits for a period of twelve months following the date of termination.

If employment is terminated by the Company for reasons other than Cause (as defined in the agreement) or disability, or if Mr. Jensen terminates the agreement for Good Reason (as defined in the agreement), Mr. Jensen is entitled to receive his base salary through the date of termination, a prorated portion of the bonus he received in his final year of employment, 12 months of health and other insurance coverage, all other accrued and earned payments or benefits due, and a cash payment equal to two times the average of his base salary over the previous three years. However, if such a termination occurs during the period beginning three months prior to and ending 12 months after a Change in Control, such payment shall equal two times the sum of Mr. Jensen's then current base salary and the average bonus earned by Mr. Jensen during each of the three calendar years preceding the date of termination.

The agreement includes confidentiality provisions to protect the Company's proprietary and confidential information. The agreement also prohibits Mr. Jensen from competing with the Company during the term of the agreement and during the two-year period following termination by the Company for reasons other than Cause or disability, or termination by Mr. Jensen for Good Reason. During such period, Mr. Jensen will be prohibited from engaging in the business of banking in Gadsden, Jefferson, Leon, and Wakulla Counties, Florida and anywhere within 20 miles of a Bank branch office that is operational on the date of termination of the agreement. The agreement also restricts Mr. Jensen from soliciting certain existing and prospective customers of the Bank for a period of two years following termination of employment. In addition, during the two-year period following termination of employment, the agreement restricts Mr. Jensen from inducing any Bank employee to terminate his or her employment with the Bank or to accept employment with any other employer. The foregoing non-competition, non-solicitation, and non-recruitment provisions do not apply if Mr. Jensen's employment is terminated as a result of the expiration of the agreement or the nonrenewal of the term of the agreement.

Defined Contribution Agreements

On November 19, 2018, the Company and the Bank entered into Defined Contribution Agreements with Vice Chair/CEO/President Dixon and Executive Vice President and Senior Lender Jensen.

Under Mr. Dixon's agreement the Bank will, at the discretion of the Board of Directors of the Company, credit annually to a defined contribution plan an amount then determined to be sufficient to result in an account balance at the date Mr. Dixon would attain age 65 which would be sufficient to pay to Mr. Dixon at least \$150,000 of annual retirement benefits for ten (10) years after his qualifying retirement. Payments under the plan shall commence upon the later of (i) Mr. Dixon attaining age 65 and (ii) the date that Mr. Dixon is no longer providing services to the Bank as an employee. All of Mr. Dixon's rights under the plan shall be subject to all other terms and conditions of that plan. If prior to Mr. Dixon reaching the age of 65: (i) the Company discharges Mr. Dixon for reasons other than cause; (ii) Mr. Dixon becomes permanently disabled; (iii) Mr. Dixon dies; or (iv) on or within 12 months following a Change in Control (as defined in the agreement) Mr. Dixon resigns, the Company shall pay to Mr. Dixon the balance of the plan. Mr. Dixon will forfeit his interest in the plan if he is terminated for cause or if grounds exist for his termination for cause.

The terms of the Defined Contribution Agreement applicable to Mr. Jensen are identical to the terms of the plan for Mr. Dixon, except that the Bank will, at the discretion of the Board of Directors of the Company, credit annually an amount then determined to be sufficient to result in an account balance at the date Mr. Jensen would attain age 67 which would be sufficient to pay to Mr. Jensen at least \$50,000 of annual retirement benefits for ten (10) years after his qualifying retirement.

Outstanding Equity Awards

In 2015, the Board of Directors adopted the Prime Meridian Holding Company 2015 Stock Incentive Compensation Plan ("2015 Plan"), which was then approved by the shareholders at the Annual Meeting of Shareholders. The 2015 Plan replaced the 2007 Stock Option Plan ("2007 Plan"). The 2,200 unexercised stock options granted under the 2007 Plan remain outstanding and will expire under the terms of the individual stock grants.

Pursuant to the 2015 Plan, selected employees and/or directors of Prime Meridian and the Bank are eligible to receive awards of various forms of equity-based incentive compensation, including stock options (incentive and non-qualified, as applicable), stock appreciation rights, restricted stock awards, performance units, and phantom stock, as well as awards consisting of combinations of such incentives.

During the first quarter of 2019, Prime Meridian issued 3,600 shares of restricted stock to its Vice Chair/CEO/President. These shares vest over three years beginning on February 21, 2020.

During the third quarter of 2019, Prime Meridian issued 10,000 stock options to Director Kenneth H. Compton and 12,000 stock options to its Market President/Director and Vice President/Business Development Officer in Lakeland, Florida. These options were issued at \$20.21

per share, vest over five years, and expire in equal increments beginning August 1, 2025 and concluding August 1, 2029.

The 2015 Plan is administered by the Company's Compensation and Nominating Committee, which has the authority to: (i) interpret the Plan, to establish rules as deemed necessary for the implementation or maintenance of the Plan; (ii) determine grants for eligible participants under the Plan; (iii) make all other decisions or determinations required or considered appropriate for the operation of the Plan and the distribution of benefits under the Plan; and (iv) to retain professional assistance in the evaluation of director and senior executive officer compensation. Our Board of Directors has reserved to itself the right to amend or terminate the Plan. However, no amendment may be implemented without approval of the shareholders to the extent such approval is required under applicable law, Code Section 422, Rule 16b-3, or any applicable stock exchange rule. Furthermore, in no case can options be re-priced either by cancellation and re-grant or by lowering the exercise price of a previously granted award.

Prime Meridian has limited the aggregate number of shares of common stock to be awarded under the 2015 Plan to 500,000 shares, but in no instance more than 15% of the issued and outstanding shares of the Company's common stock. However, the maximum number of shares available under the 2015 Plan is subject to appropriate adjustment in the case of any stock dividends, stock splits, recapitalizations, reorganizations, mergers, consolidations, exchanges, or other changes in capitalization affecting the common stock. As of December 31, 2019, there were 272,267 outstanding stock options under the 2015 Plan.

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The following table provides information regarding stock options and unvested restricted stock held by each of our named executive officers as of December 31, 2019. The stock options shown in the table were granted under the 2015 and 2007 Plan and have a per share exercise price equal to or greater than the fair market value of our common stock on the grant date.

Name and Principal Position	Date of Grant	Option Awards				Stock Awards	
		# of Securities Underlying Unexercised Options Exercisable	# of Securities Underlying Unexercised Option Unexercisable	Option Exercise Price	Option Expiration Date	# of Shares of Stock that have not Vested	Market Value of Shares of Stock that have not Vested
Sammie D. Dixon, Jr. Vice Chairman, President and CEO	03/07/2019	-	-	-	-	3,600	\$73,800
	04/01/2018	5,000	20,000	\$20.09	04/01/2028	-	-
	02/28/2018	15,667	-	\$17.21	02/28/2023	-	-
	02/01/2017	11,540	-	\$17.03	02/01/2022	-	-
	03/30/2015	2,000	-	\$12.50	03/30/2020	-	-
R. Randy Guemple ⁽¹⁾ CFO and EVP	04/01/2018	2,000	8,000	\$20.09	04/01/2028	-	-
Chris L. Jensen, Jr. EVP and Bank SLO	04/01/2018	2,050	8,200	\$20.09	04/01/2028	-	-
Susan Payne Turner EVP and CRO	04/01/2018	1,600	6,400	\$20.09	04/01/2028	-	-

(1) Mr. Guemple retired as CFO on March 31, 2019. He remains on the Boards for both the Company and the Bank.

DIRECTOR COMPENSATION

In 2019, Prime Meridian issued stock options to Director Kenneth H. Compton and Market President/Director Michael A. Micallef, Jr. under the 2015 Stock Option Plan. Mr. Compton and Mr. Micallef each received a grant of 10,000 stock options. These options were issued at \$20.21 per share, vest over five years, and expire in equal increments beginning August 1, 2025 and concluding August 1, 2029.

In 2019, the Bank paid its directors \$825 per board meeting attended, \$165 per board committee meeting attended, and \$247.50 to chair a board committee meeting, all of which could be paid in cash or shares of the Company's common stock, as described below. In addition, the Chairman of the Board was paid a \$6,000 annual retainer in 2019. Additionally, Mrs. Jones was paid a \$72,000 consultant fee in 2019 for her role as Senior Advisor following her retirement as Executive Vice President and Chief Financial Officer on December 31, 2015. Excluding compensation to Mr. Dixon, Mr. Guemple and Mr. Jensen, the Bank paid a total of \$409,658 in the aggregate of fees paid in cash and shares of stock to its directors in 2019.

In 2012, Prime Meridian's Board of Directors and shareholders adopted the Directors' Compensation Plan (the "Directors' Plan"). Pursuant to the Directors' Plan, each director is permitted to elect to receive his or her Board and committee fees in either shares of stock or cash. To encourage directors to elect to receive stock, the Directors' Plan provides that if a director elects to receive stock, he or she will receive in common stock 110% of the amount of cash fees set by the

Compensation and Nominating Committee and approved by the Board. The stock to be awarded pursuant to the Directors' Plan will be valued at the closing price of a share of common stock as traded on any national market or exchange, or a price set by the Compensation and Nominating Committee and approved by the Board, acting in good faith, but in no case less than fair market value. In 2019, the Board used the greater of quarter-end book value or quarter-end volume weighted average market price to determine what the fair market value of Prime Meridian common stock was for purposes of the Directors' Plan. The maximum remaining number of shares to be issued pursuant to the Directors' Plan is limited to 51,640 shares, which is approximately 1.62% of the total shares outstanding as of the record date. In 2019, our directors received 3,643 shares of common stock, in lieu of cash, under the Directors' Plan.

The following table sets forth the cash compensation or stock compensation paid, earned, or awarded during 2019 to each of our directors other than executive officers Mr. Dixon and Mr. Jensen, and retired executive officer Mr. Guemple whose compensation is described in the "Summary Compensation Table" on page 12.

Name	Total Fees Awarded in Stock		Stock Option Award		Total Fees Earned and Paid in Cash	Total Value of Compensation
	Cash Value	# of Shares	Cash Value	# of Shares		
Kenneth H. Compton	\$ 4,719	235	\$ 27,400	10,000	-	\$ 32,119
William D. Crona	-	-	-	-	\$ 15,758	\$ 15,758
Steven L. Evans	\$ 14,520	739	-	-	\$ 3,630	\$ 18,150
Kathleen C. Jones ⁽¹⁾	-	-	-	-	\$ 83,880	\$ 83,880
Robert H. Kirby	\$ 12,161	614	-	-	-	\$ 12,161
Frank L. Langston	-	-	-	-	\$ 14,190	\$ 14,190
Michael A. Micallef, Jr.	-	-	\$ 27,400	10,000	\$ 132,275 ⁽²⁾	\$ 159,675
L. Collins Proctor, Sr.	-	-	-	-	\$ 15,263	\$ 15,263
Garrison A. Rolle, M.D.	\$ 10,346	523	-	-	-	\$ 10,346
Steven D. Smith	\$ 17,787	894	-	-	-	\$ 17,787
Marjorie R. Turnbull	-	-	-	-	\$ 11,715	\$ 11,715
Richard A. Weidner	\$ 12,614	638	-	-	\$ 6,000	\$ 18,614

(1) For providing consulting services to the Bank, Kathleen C. Jones was paid a \$72,000 consulting fee in addition to fees for service on the Boards of Directors and their committees.

(2) For annual Market President salary and incentive.

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The following table sets forth information relating to Prime Meridian's equity compensation plans as of December 31, 2019.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights	Weighted-Average Exercise Price of Options, Warrants, and Rights	Number of Securities Remaining Available for Issuance Under Equity Compensation Plans
Equity Compensation Plans Approved by Security Holders			
2007 Stock Option Plan	2,200	\$12.27	0
2012 Directors' Compensation Plan ⁽¹⁾	0	N/A	51,640
2015 Stock Option Plan ⁽²⁾	272,267	\$19.80	202,826
Equity Compensation Plans Not Approved by Security Holders	N/A	N/A	N/A
Total	<u>274,467</u>	-	<u>254,466</u>

(1) In 2019, pursuant to the Directors' Plan, Prime Meridian issued 3,643 shares of its common stock to members of the Board of Directors. The shares issued pursuant to the Directors' Plan were previously authorized but unissued shares of the common stock of the Company and the per share price at which they were awarded was based upon the greater of the book value or the weighted average market price as of the quarter-end preceding the date of the grant and was not based upon a previously set exercise price.

(2) In 2019, Prime Meridian issued 10,000 stock options to Director Kenneth H. Compton and 12,000 stock options to its Market President/Director and Vice President/Business Development Officer in Lakeland, Florida. These options were issued at \$20.21 per share, vest over five years, and expire in equal increments beginning August 1, 2025 and concluding August 1, 2029.

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BOARD OF DIRECTORS AND COMMITTEES

Meetings

During the year ended December 31, 2019, Prime Meridian’s Board of Directors held twelve (12) regular meetings. Each of our directors attended at least 75% of the total meetings of the Board of Directors and the committees on which they serve.

Committees of the Board of Directors

Prime Meridian presently has two Board Committees chartered, the Audit Committee and the Compensation and Nominating Committee. During 2019, the membership of each Committee was as follows:

<u>Name</u>	<u>Audit Committee</u>	<u>Compensation and Nominating Committee</u>
Kenneth H. Compton		Chair
William D. Crona	Chair	
Steven L. Evans	X	X
Kathleen C. Jones		X
Robert H. Kirby	X	X
Frank L. Langston		X
Steven D. Smith	X	X
Marjorie R. Turnbull	X	
Richard A. Weidner		X

Audit Committee

General

In accordance with its Charter, the Audit Committee reviews the auditing, accounting, financial reporting, and internal control functions of Prime Meridian and the Bank. This Committee also recommends the independent auditing firm and reviews its services. During 2019, the Company’s Audit Committee held four (4) meetings. A copy of the Audit Committee Charter is available on the Company’s website at <http://investors.primemeridianbank.com>.

Report of the Audit Committee

The opinion of the Board of Directors is that in 2019, each member of the Audit Committee was an “independent director” using the standards set forth under Section 5600 of the NASDAQ Stock Market Rules. The Audit Committee reviews the auditing, accounting, financial reporting, and

internal control functions for both Prime Meridian and the Bank. The duties of the Audit Committee are primarily focused on three areas:

- the adequacy of internal controls and financial reporting process and the reliability of Prime Meridian's and the Bank's financial statements;
- the performance and independence of Prime Meridian's and the Bank's internal auditors and independent auditors; and
- ensuring that Prime Meridian and the Bank are in compliance with applicable legal and regulatory requirements.

The Audit Committee also recommends to the Board the appointment of the independent auditing firm and reviews its performance, fees, and independence from management.

Members of the Audit Committee met with management periodically to consider the adequacy of Prime Meridian's and the Bank's internal controls and the objectivity of their financial reporting. These matters are discussed with Prime Meridian's and the Bank's independent auditors, Hacker, Johnson & Smith, P.A., and with management. The independent auditors have unrestricted access to the Audit Committee, and vice versa.

The Board of Directors has determined that none of the current members of the Audit Committee has a relationship to Prime Meridian or the Bank that may interfere with each member's independence from Prime Meridian and the Bank and its management.

Director Crona, an independent director, is the Chairman of the Audit Committee and has been designated the Audit Committee Financial Expert based upon his extensive accounting background. The Board believes that all of the Audit Committee members have a level of financial literacy and familiarity with banking operations sufficient to provide strong financial guidance for the Company.

Management has primary responsibility for the preparation of financial statements for Prime Meridian and the Bank, as well as the overall reporting process, including the system of internal controls. The independent auditors audit the annual financial statements prepared by management and express an opinion as to whether those financial statements fairly present the financial position, results of operations, and cash flows of Prime Meridian and the Bank in conformity with accounting principles generally accepted in the United States of America. The independent auditing firm is given the opportunity to discuss any issues it believes should be brought to the Audit Committee's attention. The Audit Committee will monitor these processes, relying without independent verification, on the information provided and on the representations made by management and the independent auditors.

During 2019, the Audit Committee reviewed Prime Meridian's unaudited financial statements and in the first part of 2020, reviewed the Company's audited financial statements as of, and for, the fiscal year ended December 31, 2019. In 2019 and the first part of 2020, the Audit Committee met with both the management and the independent auditors of Prime Meridian and the

Bank to discuss the Form 10-Q and Form 10-K filings and the financial statements of the Company. Management has represented to the Audit Committee that these filings and financial statements were prepared in accordance with accounting principles generally accepted in the United States of America.

The Audit Committee received from, and discussed with, Prime Meridian's and the Bank's independent auditors the written disclosure and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence. These items relate to the auditing firm's independence from Prime Meridian and the Bank.

The Audit Committee also discussed with the independent auditors any matters required to be discussed by the Statement on Auditing Standards No. 61. (Communication with Audit Committees).

Respectfully submitted,

William D. Crona, Chair

Steven L. Evans

Robert H. Kirby

Steven D. Smith

Marjorie R. Turnbull

Compensation and Nominating Committee

General

In accordance with its Charter, the Compensation and Nominating Committee supports the Board in fulfilling its oversight responsibilities by reviewing the size and composition for the Board and Board committees, identifying individuals for nominations as directors and filling vacancies on the Board. The Committee also acts on behalf of the Board with respect to the compensation for the Company's executive officers, and relating to Company's compensation and personnel policies and programs.

During 2019, the Compensation and Nominating Committee met three (3) times. A copy of the Compensation and Nominating Committee Charter is available on the Company's website at <http://investors.primemeridianbank.com>.

Director Nominations

The Compensation and Nominating Committee evaluates director candidates for Prime Meridian's Board of Directors, taking into consideration the nominee's business background, involvement in the community, prior banking experience, and ability to refer client relationships to Prime Meridian and the Bank.

The Compensation and Nominating Committee annually reviews the composition of the Board, as a whole, to consider if there is an appropriate balance of knowledge, experience, skills, expertise, and diversity in the Board, and whether there are at least a minimum number of independent directors as required by applicable rules and regulations. The Compensation and Nominating Committee considers if its composition accurately reflects the Company's needs, and will, if necessary, propose the addition or resignation of members in order to obtain an appropriate balance and skill level.

In evaluating our directors for nomination, the Compensation and Nominating Committee considers what is in the best interest of Prime Meridian and its shareholders, including the director nominee's knowledge, experience, integrity, and judgment; the past and/or potential contributions of each director nominee; a director nominee's ability to devote sufficient time and effort to the duties required as a Board member; independence and willingness to consider all strategic proposals; core competencies or other technical experience. In addition, the director nominees are assessed on their integrity, judgment, knowledge, experience, skills, and expertise and their ability to oversee and direct the affairs of the Company.

Compensation Philosophy

The Compensation and Nominating Committee serves with regard to compensation and personnel policies, programs and plans, including management development and succession, and to review and approve compensation and benefit programs for executive officers of Prime Meridian and the Bank.

The Board of Directors' compensation philosophy is to determine appropriate levels of executive compensation and to ensure that executives meet objectives which align with the interest of the Company's shareholders. The objectives listed below are established to enhance shareholder value:

- Establish a pay for performance culture that rewards executives accordingly;
- Attract, retain, and motivate a competent executive management team through a balanced and comprehensive compensation strategy;
- Develop short-term and long-term performance goals that are tied to the strategic vision and direction of the Company and Bank; and
- Maintain competitive compensation levels comparable to market practices.

The total compensation, including benefits, paid to executives is based on the individual executive officer and the skillset that the executive brings to Prime Meridian, the Bank, or both. Those, coupled with the level of responsibility and annual performance, make up the components used by the Compensation and Nominating Committee and ultimately the Board of Directors to determine executive compensation. When compensation is reviewed by the Compensation and Nominating Committee, consideration of community bank peers, local market conditions and the banking industry are also included as determining factors. The base salary for each executive represents a large component of total compensation. There are many subjective factors used to determine the appropriate base salary which include individual performance, job responsibilities, experience level, ability and knowledge of the position, and overall performance of Prime Meridian

and the Bank. The Compensation and Nominating Committee reviews recommendations from Vice Chair/CEO/President Dixon with regard to the compensation of the other executive officers.

Compensation Discussion and Analysis

The Compensation and Nominating Committee for Prime Meridian and the Bank is comprised of: Kenneth H. Compton, Chair; Steven L. Evans; Kathleen C. Jones; Robert H. Kirby; Frank L. Langston; Steven D. Smith; and Richard A. Weidner. The charter of the Compensation and Nominating Committee requires that all but one of its members be “independent directors.” The opinion of the Board of Directors is that in 2019, each member of the Compensation and Nominating Committee was an “independent director” using the standards set forth under Section 5600 of the NASDAQ Stock Market rules, except for Mrs. Jones, who was employed by Prime Meridian during 2015, has received consulting fees since 2016 and whose spouse is employed by the agency which sells insurance to Prime Meridian and the Bank.

In April 2017, at the direction of the Compensation and Nominating Committee, Prime Meridian retained Hunt Financial Group to assist in assessing current market practices and developing and implementing policies and practices that would continue to complement the Bank’s strategic objectives. Reviews for executive compensation and director compensation prepared by Hunt Financial Group were utilized by the Compensation and Nominating Committee. In February 2019, also at the direction of the Compensation and Nominating Committee, Prime Meridian retained Troutman Sanders LLP (Troutman Pepper Hamilton Sanders LLP merger effective April 1, 2020) for guidance and direction regarding executive and equity-based compensation. As compensation advisor, Troutman Sanders LLP was paid \$17,268 for its services. The Compensation and Nominating Committee determined the information provided by the compensation advisors to be a useful tool in its evaluation of executive and director compensation.

Under its Charter, the Compensation and Nominating Committee may retain the services of Hunt Financial Group, Troutman Sanders LLP or another compensation consultant, independent legal counsel, and other advisors that it deems necessary or advisable. The fees for such services may be paid by Prime Meridian or the Bank. If the Compensation and Nominating Committee elects to obtain such services it will consider the following independence factors: the provision of any other services provided by an advisor to Prime Meridian; the amount of any fees received, as a percentage of the total revenues of the advisor; the policies and procedures used by Prime Meridian to prevent conflicts of interest; any business or personal relationships of the advisor with members of the Compensation and Nominating Committee; and any stock owned by the advisor. The Compensation and Nominating Committee is responsible for determining the compensation and providing oversight of such advisors if retained.

Report of Compensation and Nominating Committee

The Compensation and Nominating Committee has reviewed and discussed with management the foregoing Compensation Discussion and Analysis. Based on this review and these discussions, the Compensation and Nominating Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

Respectfully submitted,

Kenneth H. Compton, Chair

Steven L. Evans

Kathleen C. Jones

Robert H. Kirby

Frank L. Langston

Steven D. Smith

Richard A. Weidner

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

We encourage our directors, executive officers, and their immediate family members to establish client relationships with the Bank. Loans made to directors, executive officers, and their immediate families, as well as any principal shareholders, require approval of a majority of the disinterested directors. All transactions between the Company or the Bank and their directors, executive officers, the immediate family members of directors and executive officers, employees, and any principal shareholders, were made in the ordinary course of business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with non-affiliated persons, and in the opinion of management, did not involve more than the normal risk of collectability or present any other unfavorable features.

As of December 31, 2019, loans to directors, officers, and their immediate family members or businesses represented \$7.7 million, or approximately 2.3% of the Bank's total loan portfolio. All of these loans are current and performing according to their terms.

During 2019, Prime Meridian and the Bank purchased various insurance policies through Earl Bacon Agency, Inc., that employs the spouse of director Kathleen C. Jones. The premiums paid totaled \$1,093,719 and included health insurance premiums for employees. Mr. Jones' interest in such premiums was \$9,722 for 2019 and approximately \$20,000 for the years 2017 and 2018, combined.

<p>PROPOSAL 2 – RATIFICATION OF THE APPOINTMENT OF THE INDEPENDENT AUDITORS</p>
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The consolidated financial statements for the Company and the Bank are prepared by the Company. The Boards of Prime Meridian and the Bank have appointed Hacker, Johnson & Smith, P.A. ("Hacker, Johnson"), as the independent auditing firm to audit the accounts of Prime Meridian and the Bank for the fiscal year ending December 31, 2020. Through this proposal the Company is seeking the shareholders' ratification of this appointment. In the event the shareholders do not ratify this appointment, our Board of Directors will consider the selection of an alternative independent auditing firm.

During 2019 and 2018, the Company expensed the following fees for professional services to Hacker, Johnson & Smith:

	<u>2019</u>	<u>2018</u>
Audit Fees ⁽¹⁾	\$ 44,000	\$ 40,000
Tax Fees ⁽²⁾	8,500	8,500
All Other Fees ⁽³⁾	<u>34,000</u>	<u>34,000</u>
Total	<u>\$ 86,500</u>	<u>\$ 82,500</u>

- (1) Expenses exclusively for professional services rendered for the audit of the Company’s annual financial statements, including out-of-pocket expenses.
- (2) Expenses exclusively for professional services rendered for preparation of state and federal tax returns and assistance with tax questions and research.
- (3) Expenses exclusively for professional services rendered in relation to preparation and filing of Form 10-Qs and Form 10-K.

The Board of Directors Recommends that Shareholders Vote “FOR” the Ratification of the Appointment of Hacker, Johnson & Smith, P.A., as the Independent Auditors for the Company for the Fiscal Year Ending December 31, 2020.

PROPOSAL 3 – ADJOURNMENT OF THE ANNUAL MEETING

The Board of Directors is asking for your approval to adjourn the Annual Meeting in the event that there are an insufficient number of votes to approve either of Proposals 1 or 2 at the Annual Meeting. In order to permit proxies that have been timely received by the Board to be voted for an adjournment, we are submitting this Proposal as a separate matter for your consideration. If it is necessary to adjourn the Annual Meeting and the adjournment is for a period of less than 30 days, no notice of the time and place of the reconvened meeting will be given to shareholders, other than an announcement made at the Annual Meeting.

The Board of Directors Recommends that the Shareholders Vote “FOR” the Adjournment of the Annual Meeting.

SHAREHOLDER PROPOSALS

In order to be eligible for inclusion in the Company’s proxy materials for the 2021 Annual Meeting of Shareholders, any shareholder’s proposal to take action at such meeting must be received at the Company’s corporate headquarters at 1897 Capital Circle Northeast, Tallahassee, Florida 32308, no later than November 21, 2020.

SOLICITATION

The cost of soliciting proxies on behalf of the Board for the Annual Meeting is being borne by Prime Meridian. Proxies may be solicited by directors, officers, or other employees of the Company in person or by telephone, email, mail, or other means of communication. The Company is requesting persons, firms, and corporations holding shares in their names, or in the names of their

nominees for the benefit of others, to send proxy materials to and obtain proxies from such beneficial owners. Prime Meridian will reimburse them for their reasonable out-of-pocket expenses.

PRIME MERIDIAN HOLDING COMPANY
Tallahassee, Florida
March 30, 2020

